

Message Text

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ACTION EB-08

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E.O. 11652: N/A
TAGS: ETEL, ETRD, JA
SUBJECT: DATA COMMUNICATION USER GROUP PROTESTS KDD SWITCH
TO SPEED SENSITIVE TARIFF

1. SUMMARY: INTERNATIONAL DATA COOMUNICATION USER GROUP HAS FILED OFFICIAL OBJECTION TO NEW KDD TARIFF WHICH REPLACES FLAT RATE FOR LEASED LINES WITH INCREASED SPEED SENSITIVE CHARGES. GROUP FEELS NEW TARIFF IS CONTRARY TO CURRENT INTERNATIONAL TELECOMMUNICATION PRACTICE, WILL PENALIZE USERS OF HIGH-SPEED EQUIPMENT AND IS NOT JUSTIFIED BY KDD COST CONSIDERATIONS. GROUP HAS REQUESTED USG COOPERATION SINCE THEY SAY U.S. IS OPPOSED TO SPEED SENSITIVE TARIFFS, COSTS TO U.S. BUSINESSES IN JAPAN WILL INCREASE AND NEW TARIFFS WILL HAVE SEVER IMPACT ON MARKET FOR U.S. DATA COMMUNICATION EQUIPMENT. POST REQUESTS DEPARTMENT'S GUIDANCE. END SUMMARY.

2. THE TELECOMMUNICATION USER ASSOCIATION (TUA), A GROUP OF INTERNATIONAL DATA COMMUNICATION USERS IN TOKYO HAS FILED AN OFFICIAL OBJECTION WITH THE MINISTRY OF POSTS AND TELECOMMUNICATIONS (MPT) TO THE INCREASED TARIFF ANNOUNCED BY JAPAN'S INTERNA-
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TIONAL TELECOMMUNICATIONS CO. (KDD) FOR LEASED INTERNATIONAL LINES. THIS THE FIRST TIME ANY USER GROUP HAS FILED AN OBJECTION TO A KDD TARIFF INCREASE.

3. THE NEW KDD TARIFF WILL BECOME EFFECTIVE APRIL 1, 1978 AND REPLACES THE CURRENT FLAT RATE FOR M-102

VOICE GRADE LEASED LINES WITH THREE SPEED SENSITIVE RATES (BELOW 2400 BPS, 2400-4800 BPS, AND OVER 4800-9600 BPS). THERE IS NO PROVISION FOR SPEEDS HIGHER THAN 9600 BPS. THE NEW TARIFF INCREASES COSTS TO USERS OF 9600 BPS EQUIPMENT BY 60 PERCENT.

4. THE USERS BASE THEIR OBJECTION ON THREE MAIN POINTS: A. THE SHIFT FROM A FLAT RATE TARIFF TO A SPEED SENSITIVE TARIFF IS CONTRARY TO CURRENT INTERNATIONAL TELECOMMUNICATION PRACTICE AND IMPLEMENTS IN JAPAN A RATE STRUCTURE THAT WAS TURNED DOWN AT THE THIRD STUDY GROUP (SGIII) OF THE CCITT IN GENEVA LAST MAY. (POST UNDERSTANDS U.S. OBJECTIONS TO SPEED AND/OR VOLUME SENSITIVE RATES WERE INSTRUMENTAL IN THIS DECISION.)

B. SHIFT FROM FLAT RATE BANDWIDTH SERVICE TO SPEED SENSITIVE SERVICE WILL PENALIZE USERS OF MODERN HIGH-SPEED MODEMS AND STIFLE FURTHER DEVELOPMENTS IN DATA COMMUNICATION TECHNOLOGY.

C. CURRENT HIGH PROFITS OF KDD DO NOT JUSTIFY ANY RATE INCREASE AT THIS TIME.

5. TUA IS COMPOSED OF 36 USERS OF LEASED INTERNATIONAL LINES. PAN AMERICAN IS MEMBER OF TUA STEERING LIMITED OFFICIAL USE

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COMMITTEE AND NORTHWEST IS ALSO MEMBER. AGENTS FOR AMERICAN DATA COMMUNICATION EQUIPMENT SUPPORT THE GROUP BUT DECLINED TO JOIN FOR FEAR OF KDD RETRIBUTION. (JAPAN GOVERNMENT AFFILIATED COMPANIES SUCH AS JAPAN AIRLINES AND JAPAN TRAVEL BUREAU ALSO DECLINED TO JOIN.)

6. TUA HAS REQUESTED USG COOPERATION SINCE A) IT BELIEVES PROPOSED TARIFF IS CONTRARY TO CURRENT USG POSITIONS ON INTERNATIONAL DATA COMMUNICATION TARIFFS, B) MEASURE WILL INCREASE COSTS SIGNIFICANTLY FOR U.S. COMPANIES DOING BUSINESS IN JAPAN, AND C) THERE WILL BE A SEVERE IMPACT ON THE MARKET IN JAPAN FOR HIGHSPEED DATA COMMUNICATION EQUIPMENT WHICH CURRENTLY IS SUPPLIED ALMOST ENTIRELY BY U.S. MAKERS.

7. PART OF KDD JUSTIFICATION FOR NEW TARIFF IS PROMISE OF IMPROVED CIRCUITS (ALTHOUGH USERS ARE COMPLETELY SATISFIED WITH CURRENT LINES) AND KDD CLAIMS TO HAVE CONSULTED WITH FOREIGN CARRIERS ABOUT IMPROVED SERVICE. TUA HAS HEARD THAT NEITHER

RCA NOR ITT WERE CONSULTED BY KDD BEFORE THE NEW
TARIFF WAS ANNOUNCED AND DO NOT PLAN ANY CHANGES
IN CURRENT SERVICE. TUA HAS ASKED POST TO CONFIRM
THAT THERE WAS NO PRIOR CONSULTATION BETWEEN KDD
AND U.S. CARRIERS ON KDD TARIFF INCREASE.

8. ACTION REQUESTED:

1) POST WOULD APPRECIATE INFORMATION ON CURRENT
USG POSITION ON SPEED/VOLUME BASED INTERNATIONAL
DATA COMMUNICATION RATES AND THE EXTENT THESE ARE
USED IN OTHER COUNTRIES.

2) CONFIRMATION OF LACK OF CONSULTATION BY KDD
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WITH U.S. CARRIERS PRIOR TO ANNOUNCING NEW TARIFF.

3) GUIDANCE ON REPRESENTATIONS WE SHOULD MAKE ON
THIS ISSUE TO GOJ, IF APPROPRIATE.
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